

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF INGHAM

R. KEVIN CLINTON, COMMISSIONER,  
OFFICE OF FINANCIAL AND INSURANCE  
REGULATION FOR THE STATE OF MICHIGAN,

Petitioner,

File No. 98-88265-CR

vs

Honorable Clinton Canady, III

MICHIGAN HEALTH MAINTENANCE  
ORGANIZATION PLANS, INC., a  
Michigan health maintenance organization,  
doing business as OmniCare Health Plan,

Respondent.

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MARK J. ZAUSMER (P31721)  
AMY S. APPLIN (P46900)  
Zausmer, Kaufman, August, Caldwell & Tayler, P.C.  
Attorneys for Petitioner  
31700 Middlebelt Road, Suite 150  
Farmington Hills, MI 48334  
(248) 851-4111

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LIQUIDATOR'S PETITION  
TO APPROVE AMENDED PLAN OF FINAL DISTRIBUTION  
AND FOR PERMISSION TO DESTROY CERTAIN ESTATE DOCUMENTS

R. Kevin Clinton, Commissioner of the Office of Financial and Insurance Regulation, in his capacity as Liquidator of Michigan Health Maintenance Organization Plans, Inc., f/k/a OmniCare Health Plan (referred to herein as "Michigan HMO"), through his attorneys, Zausmer, Kaufman, August, Caldwell & Tayler, P.C., consistent with MCL 500.8142(1), asks the Court to enter an Order Approving the Liquidator's Amended Plan of Final Distribution and for Permission to Destroy Certain Estate Documents. In support of this Petition, the Liquidator states as follows:

## INTRODUCTION

On June 30, 2010, the Honorable James Giddings entered an Order Granting Liquidator's Petition to Approve Plan of Final Distribution ("Distribution Order") in this insurance company liquidation proceeding under Chapter 81 of the Michigan Insurance Code. As of that date, the Liquidator expected to pay the final distributions approved in that Order and, following a short wind-up period, file a Petition to discharge the Liquidator and terminate the liquidation estate. Shortly after entry of the Distribution Order, however, the Liquidator's accountants discovered a tax issue that the Liquidator was required to address and resolve before the final distribution of estate assets could be made. That tax issue has now been resolved, as more fully discussed below, and the Liquidator therefore, by this Petition, asks the Court to amend its prior order to provide for distribution of the remaining estate assets. The Liquidator takes this opportunity to also update the Court regarding the financials of the Michigan HMO liquidation estate and to seek permission from the Court to destroy certain estate records.

## HISTORY OF INSURANCE DELINQUENCY PROCEEDING

Because this matter has been inactive for some time, and during that time Judge Giddings retired and judicial supervision of this matter was transferred to Judge Canady, the Liquidator provides a condensed narrative of significant events in this insurance delinquency proceeding:

1. On November 13, 2006, the Liquidator filed with the Court a Petition for an Order Approving the Liquidator's Claim Determinations and Allowing Disbursement of Funds to Pay Claims. The Court approved the Liquidator's Petition by Order dated November 30, 2006. As a result, the Liquidator disbursed a total of \$14,721,176.83 as follows:

- a. approved Class 2 (medical provider and other policyholder status) claims totaling \$13,302,787.88 were paid in full;
- b. an approved Class 3 (federal government) claim on behalf of the Federal Employee Health Benefits Program was paid in full in the amount of \$782,000;
- c. five approved Class 5 (general creditor) claims were paid in full in the total amount of \$12,420.38;
- d. two Class 6 (state government) claims were approved in the total amount of \$2,599,869.06, but due to limited assets, were paid at that time at the rate of 24 cents on the dollar, with the total disbursement to Class 6 at that time being \$623,968.57;
- e. Class 7, 8 and 9 claimants were advised that it was unlikely that they would receive any distribution due to lack of sufficient assets in the estate.

2. During the period from late 2006 through May 2010, the Liquidator continued working to resolve various issues, including the following:

- a. termination of equipment and telephone leases and arrangements for storage of records, and move to shared office space in Bingham Farms, Michigan, with substantial resulting savings to the estate.
- b. termination of AIM as deputy liquidators, by Court order dated October 16, 2007.
- c. participation in pharmaceutical class action suits.
- d. settlement of a reinsurance dispute, resulting in collection of \$50,000.
- e. document production related to the suit by the OmniCare Provider Creditors Committee against OmniCare's former controlling affiliate, United American Healthcare Corporation.
- f. continued marshaling of assets through collection of provider refunds, subrogation, coordination of benefits recoveries and hospital credit balance refunds – totaling over \$950,000 for years 2006 through 2009.

These activities were described in greater detail in the Deputy Liquidator's Final Report and Accounting, which was filed with this Court on or about March 30, 2010.

### JUNE 2010 APPROVAL OF PLAN OF FINAL DISTRIBUTION

3. On June 21, 2010, the Liquidator filed a Petition to Approve Plan of Final Distribution ("Distribution Petition"). A copy of the Distribution Petition is attached hereto as **Exhibit A**.

4. The Distribution Petition specifically contemplated that, after the Liquidator made the distributions permitted by the Order, the Liquidator would conduct wind-up operations and would ultimately Petition the Court for a final order closing the liquidation estate and discharging the Liquidator. **Exhibit A** at page 9, fn 1. *See also* MCL 500.8146.

5. The Order granting the Distribution Petition was entered by Judge Giddings on June 30, 2010. That Order is attached hereto as **Exhibit B**.

### TAX ISSUE ENCOUNTERED AND RESOLVED

6. Shortly after the entry of the June 30, 2010 Order, the Deputy Liquidator and Michigan HMO staff were advised by the accounting firm retained on behalf of Michigan HMO of a tax issue with potential impact to the liquidation estate.

7. The tax issue discovered by Michigan HMO's accounting firm appeared to potentially result in significant tax liabilities on behalf of Michigan HMO to the United States government, the State of Michigan and the City of Detroit.

8. Specifically, the tax issue involved a subsidiary company of Michigan HMO, named OmniCare TPA, Inc. ("OmniCare TPA"), which had been formed in late 2002 by the court-appointed Deputy Rehabilitators during the Rehabilitation proceedings, while OmniCare was still operating as an HMO. This company was formed by the Deputy Rehabilitators to conduct certain administrative functions that had previously been performed by OmniCare's parent company. Although Michigan HMO itself is a non-profit organization that files only

informational tax returns (Form 990), OmniCare TPA was a taxable organization. OmniCare TPA continued to operate during the Liquidation proceeding. Eventually OmniCare TPA was dissolved and its functions were handled as other liquidation functions conducted within Michigan HMO. In reviewing Michigan HMO's tax situation preparatory to final closure activities, the accountants realized that there appeared to be outstanding tax filings for OmniCare TPA due for the year 2007.

9. Prior to distributing the assets of a liquidating insurer under Chapter 81 of the Michigan Insurance Code, the Liquidator has a duty to use all reasonable efforts to determine the existence and amount of any tax liabilities of the liquidation estate incurred during the liquidation proceeding. Such taxes have priority for payment under Chapter 81 as a class 1 claim. Distributing assets of the Estate without making provision for taxes owed to the federal government, in particular, could also potentially result in personal liability for the Liquidator. 31 U.S.C. § 3713(b).

10. Resolving the tax issue affecting the estate required a significant amount of time and effort on the part of the Deputy Liquidator, liquidation staff and the outside accounting firm.

11. After major liquidation activities were completed, in late 2007, Michigan HMO's separate Detroit office was closed, thousands of boxes of records were shipped to Record Center Storage in Lansing, AIM was released as Deputy Liquidator, and the substantially-reduced estate began to be operated out of shared office space in Bingham Farms, Michigan.

12. As a result of the significant shift in operations and change in staffing that had occurred in 2007, upon the discovery of the described tax issue in mid-2010, the necessary

investigation to properly address and resolve the issue had to be conducted by staff and accountants that had no prior familiarity with the records.

13. The staff and the estate's accounting firm began a diligent effort to locate previously-filed returns, previous years' bookkeeping entries, trial balances, general ledgers, etc., to reconstruct and determine the accounting principles previously utilized by OmniCare TPA. This was a lengthy and arduous task. It was necessary to retrieve and review over 20 boxes of documents from storage. Multiple telephone conversations and correspondence between the Internal Revenue Service and accounting staff continued for approximately 18 months.

14. The review of tax issues was completed in 2011, resulting in the determination that the former subsidiary, OmniCare TPA, was in fact delinquent in tax payments to the Internal Revenue Service, the State of Michigan and the City of Detroit for the tax year ending December 31, 2007.

15. Therefore, on December 7, 2011, the tax filings and payments were made as follows:

2007 U.S. Corporation Income Tax Return	Total Tax	\$92,000.00
	<u>Penalty</u>	<u>\$ 4,295.00</u>
	TOTAL PAID	\$97,195.00
2007 Michigan Single Business Tax Return	Total Tax	\$23,470.00
	<u>Penalty</u>	<u>\$ 5,387.00</u>
	TOTAL PAID	\$28,857.00
2007 Detroit Corporation Income Tax Return	Total Tax	\$ 5,344.00

16. On April 12, 2012, the Internal Revenue Service acknowledged the Liquidator's request for the removal of penalties by applying an adjustment credit of \$44,722.99. This resulted in a total amount due in interest of \$16,225.35, which was paid to the Internal Revenue Service on April 4, 2012.

17. Michigan HMO has timely filed with the Internal Revenue Service all required Form 990 for years 2008 through 2010. An extension was filed and approved for the filing of the 2011 Form 990, which is currently being prepared. The Liquidator also filed the Form 4810, Request for Prompt Assessment, with the IRS. The IRS returned this form indicating this form is not required as Michigan HMO is a nonprofit entity. This has resolved all known tax issues within this estate.

18. The resolution, and the related delay, has required the expenditure of assets of the liquidation estate that were not contemplated at the time the Liquidator filed the Distribution Petition and when the June 30, 2010 Order was entered, thus necessitating amendment of the Plan of Distribution that was approved as of June 30, 2010 and of the related Court Order.

#### FINANCIAL REPORTING FOR THE PERIOD FROM 2010 TO THE PRESENT

19. The attached financial information includes the following:

#### **EXHIBIT C JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

BALANCE SHEET

INCOME STATEMENT

CASH RECEIPTS SUMMARY

CASH RECEIPTS DETAIL

CASH DISBURSEMENT SUMMARY

CASH DISBURSEMENT DETAIL

**EXHIBIT D JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

BALANCE SHEET

INCOME STATEMENT

CASH RECEIPTS SUMMARY

CASH RECEIPTS DETAIL

CASH DISBURSEMENT SUMMARY

CASH DISBURSEMENT DETAIL

**EXHIBIT E JANUARY THROUGH APRIL 2012**

BALANCE SHEET

INCOME STATEMENT

CASH RECEIPTS SUMMARY

CASH RECEIPTS DETAIL

CASH DISBURSEMENT SUMMARY

CASH DISBURSEMENT DETAIL

**REQUEST FOR AUTHORITY TO DESTROY UNNEEDED ESTATE RECORDS**

20. The Liquidator is currently in possession or control of a large number of documents related to the past business of Michigan HMO.

21. Some 5269 boxes of estate documents are currently held at Record Center Storage in Lansing. Essentially all of these files have no value to Michigan HMO or the Liquidator, as the liquidation process is essentially complete. The Liquidator is aware of no outstanding controversies, claims or issues that might require reference to these files.



22. The majority of files to be destroyed relate to the business conducted prior to and during the rehabilitation, including membership and claim processing information, along with miscellaneous correspondence and financial information. The Deputy Liquidator has reviewed the list of 5109 boxes of estate documents that is attached hereto as **Exhibit F**,\* and has determined that these documents are no longer useful.

23. The Liquidator believes that it would be in the best interest of Michigan HMO to destroy the files listed in **Exhibit F** at this time.

24. Chapter 81 of the Michigan Insurance Code, which governs this Liquidation proceeding, addresses the destruction of liquidation records and states:

If it appears to the commissioner that the records of an insurer in the process of liquidation or completely liquidated are no longer useful, the commissioner may recommend to the court and the court shall direct what records should be retained for future reference and what should be destroyed. MCL 500.8148.

25. The Liquidator anticipates incurring some expense, which has been included in the Liquidator's administrative expense reserve (see ¶ 29, *infra*), to properly dispose of these documents. Direction to dispose of the documents listed in **Exhibit F** will be provided to Record Center Storage management. Disposal will be handled on-site and in-house at Record Center Storage in Lansing under all guidelines currently utilized by the State of Michigan, Department of Management & Budget.

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\* A complete copy of **Exhibit F**, which is a 161-page list describing the contents of the approximately 5109 boxes, is being filed with the Court. This Exhibit will not be served as a matter of course on the service list in this matter, however. Any interested party may review **Exhibit F** in the Court's file, may receive an electronic version at no cost upon request to the Liquidator's counsel, or may receive a hard copy upon payment of reasonable copying costs to the estate.

### THE AMENDED PROPOSED DISTRIBUTION

26. MCL 500.8142(1) requires that "Every claim in each class shall be paid in full or adequate funds retained for their payment before the members of the next class receive payment."

27. As set forth above, claims in Classes 2-5 have been paid in full, and Class 6 claims have previously received a distribution equivalent to 24% of their approved amount.

28. Because there are insufficient funds to pay Class 6 claims in their entirety, no claim with a lower priority than Class 6 is entitled to share in the distribution. Class 6 claims must be accorded equal priority and will, therefore, be paid on a pro rata basis from the funds remaining in the estate after reservation of funds sufficient to pay Class 1 administrative expenses.

29. Broken down according to the priorities established by MCL 500.8142, the claims and amended proposed distributions are summarized as follows:

Class 1	<u>Liquidator's Estimated Closing Expenses</u>	\$38,000.00
	The Liquidator has established through June 30, 2012, reserves for closing expenses, which are detailed in the attached <b>Exhibit G</b> . These reserves are estimates of the total costs to close the liquidation estate and should be sufficient to pay these expenses.	
Class 2	<u>Policyholder and Medical Provider claims – previously paid in full</u>	\$0.00
Class 3	<u>Federal claims – previously paid in full</u>	\$0.00
Class 4	<u>Liability claims – no such claims filed</u>	N/A
Class 5	<u>General Creditor claims – previously paid in full</u>	\$0.00

Class 6	<u>State claims – previously approved in the total amount of \$2,599,869.06 with 24% (\$623,968.57) previously paid</u>	\$98,790.27
Class 7	<u>Late Filed claims</u>	\$0.00
Class 8	<u>Surplus Notes/Premium Refund claims</u>	\$0.00
Class 9	<u>Claims of Shareholders or Owners</u>	\$0.00

30. In summary, the Liquidator's Proposed Amended Plan of Distribution is as follows:

- (1) Payment of all Class 1 claims at 100% as required by MCL 500.8141(1).
- (2) Payment to the Class 6 claims of an additional 5% by the proposed distribution of \$98,790.27, for a total recovery of 29%. Attached as **Exhibit H** is the Proposed Distribution to Class 6 Claimants.
- (3) No other claims will receive any distribution at this time.<sup>†</sup>

#### NOTICE

31. The Liquidator has served a copy of this Petition upon all persons/entities and/or their counsel who are known to have outstanding or ongoing claims, suits or controversies that affect or that are or may be affected by the Receivership proceeding.

32. The Liquidator has or shortly will post a copy of this Petition on the State of Michigan website along with the other Michigan HMO documents previously posted there.

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<sup>†</sup> There does remain the potential for further recoveries on behalf of Michigan HMO through pending pharmaceutical class action lawsuits, and possible coordination of benefits or subrogation recoveries. However, particularly given the contingent nature of the claims, the Liquidator has concluded that they do not justify the continuation of the Receivership. The Liquidator intends to address the handling of such potential recoveries in his anticipated Petition for Termination of Receivership.

RELIEF REQUESTED

WHEREFORE, the Liquidator respectfully requests entry of an order granting the Liquidator's Petition to Approve Amended Plan of Final Distribution and authorizing the Liquidator to distribute assets of the Michigan HMO estate accordingly, and also authorizing the Liquidator to have the Michigan HMO estate documents listed in **Exhibit F** to this Petition destroyed in the manner described in this Petition.

Respectfully Submitted,

ZAUSMER, KAUFMAN, AUGUST,  
CALDWELL & TAYLER, P.C.

  
\_\_\_\_\_  
MARK J. ZAUSMER (P31721)  
AMY S. APPLIN (P46900)  
Attorneys for Petitioner  
31700 Middlebelt, Suite 150  
Farmington Hills, MI 48334  
(248) 851-4111

Dated: May 22, 2012

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF INGHAM

R. KEVIN CLINTON, COMMISSIONER,  
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REGULATION FOR THE STATE OF MICHIGAN,

Petitioner,

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vs

Honorable Clinton Canady, III

MICHIGAN HEALTH MAINTENANCE  
ORGANIZATION PLANS, INC., a  
Michigan health maintenance organization,  
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AMY SITNER APPLIN (P46900)  
Zausmer, Kaufman, August, Caldwell & Tayler, P.C.  
Attorneys for Petitioner  
31700 Middlebelt Road, Suite 150  
Farmington Hills, MI 48334  
(248) 851-4111

PROOF OF MAILING

COUNTY OF OAKLAND)

) ss

STATE OF MICHIGAN )

DAWN M. TROMBLEY states that on May 22, 2012, she served a copy of the Liquidator's Petition to Approve Amended Plan of Final Distribution and for Permission to Destroy Certain Estate Documents, proposed Order Granting Liquidator's Petition to Approve Amended Plan of Final Distribution and for Permission to Destroy Certain Estate Documents, Notice of Hearing, and Proof of Mailing by enclosing copies of said documents in sealed envelopes, with prepaid, first-class postage affixed and addressed to:

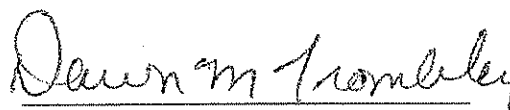
Mr. Michael R. Bell  
Assistant Attorney General  
Michigan Department of Attorney General  
P.O. Box 30754  
Lansing, MI 48909

Mr. Christopher Kerr  
Assistant Attorney General  
Attorney General Corporate Oversight Division  
525 W. Ottawa Street, Floor 6  
Lansing, MI 48933

Ms. Katharyn A. Barron  
Assistant Attorney General  
Consumer Protection Division  
P. O. Box 30213  
Lansing, MI 48913

Mr. Rodger D. Young  
Young & Susser, PC  
26200 American Drive, Suite 305  
Southfield, MI 48034

and depositing said envelopes in the U.S. mail, in Farmington Hills, Michigan.

  
Dawn M. Trombley

# **EXHIBIT A**

Zausmer, Kaufman, August, Caldwell & Tayler, P.C.  
31700 Middlebelt Road, Suite 150, Farmington Hills, MI 48334-2374 • 721 N. Capital, Suite 2, Lansing, MI 48906-5163

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF INGHAM

KEN ROSS, COMMISSIONER,  
OFFICE OF FINANCIAL AND INSURANCE  
REGULATION FOR THE STATE OF MICHIGAN,

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vs

Hon. James R. Giddings

MICHIGAN HEALTH MAINTENANCE  
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31700 Middlebelt Road, Suite 150  
Farmington Hills, MI 48334  
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LIQUIDATOR'S PETITION  
TO APPROVE PLAN OF FINAL DISTRIBUTION

Ken Ross, Commissioner of the Office of Financial and Insurance Regulation, in his capacity as Liquidator of Michigan Health Maintenance Organization Plans, Inc., f/k/a OmniCare Health Plan (referred to herein as "MHMO"), through his attorneys, Zausmer, Kaufman, August, Caldwell & Tayler, P.C., consistent with MCL 500.8142(1), asks the Court to enter an Order Approving the Liquidator's Plan of Final Distribution. In support of this Petition, the Liquidator states as follows:



## GENERAL MATTERS

1. In 1998 MHMO was placed under seizure as permitted by Chapter 81 of the Insurance Code of 1956, MCL 500.8101 et seq. In July 2001, the Commissioner of the Office of Financial and Insurance Services ("OFIS") petitioned the Court for an Order of Rehabilitation. Pursuant to MCL 500.8114, the Court appointed Linda A. Watters, who was then the OFIS Commissioner, as the Rehabilitator. On September 14, 2001, the Court entered a final Order of Rehabilitation and Injunctive Relief ("Rehabilitation Order").

2. At the time it was placed in rehabilitation, MHMO was a health maintenance organization with approximately 100,000 members. Its membership was primarily located in southeast Michigan. Most of its members were recipients of health services under Medicaid.

3. In its Rehabilitation Order, the Court directed the Rehabilitator to take immediate possession of the assets of MHMO and to administer those assets under the Court's general supervision.

4. Although substantial efforts were made to rehabilitate the business, due to the continuation of the financial difficulties that resulted initially in MHMO being placed in rehabilitation, the Rehabilitator concluded that MHMO would not be eligible for a new Medicaid contract beginning October 1, 2004. The Commissioner of OFIS therefore petitioned the Court, as of September 30, 2004, for an Order of Liquidation of MHMO. Pursuant to MCL 500.8116, the Court appointed the Commissioner as Liquidator of MHMO. The Liquidation Order was entered on October 28, 2004. The Liquidation Order appointed Commissioner Linda Watters as Liquidator and James Gerber as Special Deputy Liquidator of MHMO. In anticipation of the entry of the

Liquidation Order, the Court on October 14, 2004, approved the appointment of American Insurance Management ("AIM") to serve as Deputy Liquidator of MHMO.

5. As of November 1, 2007, by appointment of the Governor, Ken Ross became the duly-appointed Acting Commissioner of OFIS, and thus became the successor Liquidator of MHMO. Mr. Ross was subsequently appointed Commissioner on February 22, 2008.

6. Effective April 6, 2008, the Governor, through Executive Order 2008-02, reorganized OFIS and changed its official name to the Office of Financial and Insurance Regulation ("OFIR").

7. As related more fully below and in the annual reports filed with this Court, the liquidation of MHMO has been successfully accomplished through:

- a. Implementation of a Proof of Claim process.
- b. Marshaling of assets.
- c. Settlement of various disputes.
- d. Initial distribution of assets resulting in 100% payment of Class 2, 3 and 5 claimants and 24% payment of Class 6 claimants.
- e. Further winding down of the entity including implementation of a document cataloging and storage process and court-sanctioned destruction of documents as appropriate.
- f. Release of AIM as Deputy Liquidator and a transition of the management of the estate to the supervision of Deputy Liquidator James Gerber working with a part-time staff.

8. By this Petition, the Liquidator seeks generally to provide for a final distribution of estate assets in anticipation of the final closure of the Receivership. More specifically, the Liquidator, through this Petition, seeks the following:

- a. Approval of a Class 1 administrative expense reserve to cover the final expenses associated with closure of the estate;
- b. Approval of a second pro rata distribution of assets to the Class 6 claimants.

#### BACKGROUND

9. At the time it was placed into rehabilitation, MHMO's primary business asset was a Medicaid contract with the Michigan Department of Community Health ("MDCH"). That Medicaid contract expired on September 30, 2004. In order to remain economically viable, MHMO needed to submit a successful bid for a new Medicaid contract.

10. The Rehabilitator concluded that MHMO would not meet the statutory financial requirements and therefore would not be eligible to receive a new Medicaid contract beginning October 1, 2004. Therefore, the Rehabilitator solicited offers to purchase the assets of MHMO in the hope of completing a sale in time for the prospective purchaser to submit a bid for a new Medicaid contract. Without such a sale of assets to a qualified bidder, it was feared that the MDCH would reassign MHMO's Medicaid members to other HMOs effective no later than October 1, 2004, without compensation to MHMO, leaving MHMO without sufficient assets to satisfy its creditors. Following a request for bid process and after hearing objections from interested parties, the Court approved a sale to Coventry Health of Michigan, Inc., by order dated May 10, 2004.

11. On May 17, 2004 the Rehabilitator and Coventry Health of Michigan, Inc. entered into an Asset Sale and Purchase Agreement whereby the members of OmniCare Health Plan would be transferred to Coventry Health of Michigan, Inc. effective October 1, 2004. On August 31, 2004, the Rehabilitator and Coventry Health of Michigan, Inc. held a closing on the transaction.

12. Following the sale of the right to service the Medicaid members and the sale of its HMO license, MHMO had no source of revenue after September 30, 2004. The Rehabilitator concluded that further attempts to rehabilitate MHMO would be futile. The Commissioner, therefore, by Petition dated September 30, 2004, moved the Court to enter an Order for Liquidating Receivership and Declaration of Insolvency. The requested Order was entered on October 28, 2004.

13. MHMO's pre-liquidation creditor claims were resolved through a Court-approved process.

- \* Consistent with the Liquidation Order, the Liquidator notified all persons or entities that might have a claim against MHMO incurred before October 1, 2004, and advised them of their right to file a Proof of Claim ("POC") form in the Liquidation proceeding.
- \* All POCs were required to be filed no later than March 31, 2005.
- \* The Proof of Claim Instructions that accompanied the Proof of Claim Notice and Form stated that claims would be adjudicated in accordance with OmniCare Health Plan (in Rehabilitation) business rules in the Provider Manual.
- \* Following receipt of claims, the Liquidator reviewed and investigated claims consistent with MCL 500.8143. The Liquidator responded to each claim through a Notice of Determination. Medical provider claimants were also sent a Claim Summary Report.
- \* Consistent with MCL 500.8139, if a claim was denied in whole or in part by the Liquidator, written notice of the determination was given to the claimant or his or her attorney by first-class mail at the address shown in the proof of claim or any updated address provided by the claimant.
- \* The Proof of Claim Instructions, consistent with MCL 500.8139, provided an appeal process in cases where a claimant objected to the Liquidator's claim determination.

The above-described procedure for adjudicating claims was ratified by this Court in an October 12, 2005, Order Ratifying Claims Adjudication Procedures and Approving Additional Procedures for Claims Adjudication (the "Claims Procedure Order").

14. To establish a priority for final resolution of creditor claims against MHMO, the Liquidator in April 2005 asked the Court to establish a notice procedure and set a briefing and hearing schedule to determine the order in which pre-liquidation claims would be addressed and paid by the Liquidator. An Order setting a briefing and hearing schedule was entered by the Court on May 12, 2005. In accordance with the Order, briefs were filed and a hearing was held on October 28, 2005.

15. Following settlement of various objections to the proposed Order, in an Order dated December 14, 2005, the Court held that the claims of medical providers against MHMO would be categorized as Class 2 (policyholder status) claims rather than as Class 5 (general creditor) claims. The Court further held that, to the extent they were not covered by insurance, personal injury claims had a Class 4 priority for payment from the general assets of MHMO. The Court further held that administrative expenses incurred during the rehabilitation period were not Class 1 expenses of the Liquidation proceedings but rather would be prioritized according to the underlying nature of the claim. The Court's Order made other specific holdings regarding the priority of particular claims that had been filed in the Liquidation proceedings. Thereafter, the Liquidator continued the adjudication of claims and was able to resolve all claims filed in the Liquidation proceeding, including two substantial and complicated claims pursued by University Physicians Services, Inc. on behalf of the Wayne State University Physicians Group and by the Detroit Medical Center.

16. On November 13, 2006, the Liquidator filed with the Court a Petition for an Order Approving the Liquidator's Claim Determinations and Allowing Disbursement of Funds to Pay Claims. The Court approved the Liquidator's Petition by Order dated November 30, 2006. As a result, the Liquidator disbursed a total of \$14,721,176.83 as follows:

- a. approved Class 2 (medical provider and other policyholder status) claims totaling \$13,302,787.88 were paid in full;
- b. an approved Class 3 (federal government) claim on behalf of the Federal Employee Health Benefits Program was paid in full in the amount of \$782,000;
- c. five approved Class 5 (general creditor) claims were paid in full in the total amount of \$12,420.38;
- d. two Class 6 (state government) claims were approved in the total amount of \$2,599,869.06, but due to limited assets, were paid at that time at the rate of 24 cents on the dollar, with the total disbursement to this Class at that time being \$623,968.57;
- e. Class 7, 8 and 9 claimants were advised that it was unlikely that they would receive any distribution due to lack of sufficient assets in the estate.

17. During the period from late 2006 through the present, the Liquidator continued working to resolve various issues, including the following:

- \* termination of the estate's lease of office space in Detroit, with related termination of equipment and telephone leases and arrangements for storage of records, and move to shared office space in Bingham Farms, Michigan, with substantial resulting savings to the estate.
- \* termination of AIM as deputy liquidators, by Court order dated October 16, 2007.
- \* participation in pharmaceutical class action suits.
- \* settlement of a reinsurance dispute, resulting in collection of \$50,000.

- \* document production related to the suit by the OmniCare Provider Creditors Committee against OmniCare's former controlling affiliate, United American Healthcare Corporation.
- \* continued marshaling of assets through collection of provider refunds, subrogation, coordination of benefits recoveries and hospital credit balance refunds – totaling over \$950,000 for years 2006 through 2009.

These activities are described in greater detail in the Deputy Liquidator's Final Report and Accounting, which was filed with this Court on or about March 30, 2010.

#### THE PROPOSED DISTRIBUTION

18. MCL 500.8142(1) requires that "Every claim in each class shall be paid in full or adequate funds retained for their payment before the members of the next class receive payment." Because there are insufficient funds to pay Class 6 claims in their entirety, no claim with a lower priority than Class 6 is entitled to share in the distribution. Class 6 claims must be accorded equal priority and will, therefore, be paid on a pro rata basis from the funds remaining after Class 1 – 5 claims are either paid in full or funds for their payment in full are reserved.

19. Broken down according to the priorities established by MCL 500.8142, the claims and proposed distributions are summarized as follows:

Class 1	<u>Liquidator's Estimated Closing Expenses</u>	\$35,000.00
	The Liquidator has established through June 30, 2010, reserves for closing expenses, which are detailed in the attached Exhibit A. These reserves are estimates of the total costs to close the liquidation estate and should be sufficient to pay these expenses.	
Class 2	<u>Policyholder and Medical Provider claims – previously paid in full</u>	\$0.00
Class 3	<u>Federal claims – previously paid in full</u>	\$0.00

Class 4	<u>Liability claims – no such claims filed</u>	N/A
Class 5	<u>General Creditor claims – previously paid in full</u>	\$0.00
Class 6	<u>State claims – previously approved in the total amount of \$2,599,869.06 with 24% (623,968.57) previously paid</u>	\$246,864.00
Class 7	<u>Late Filed claims</u>	\$0.00
Class 8	<u>Surplus Notes/Premium Refund claims</u>	\$0.00
Class 9	<u>Claims of Shareholders or Owners</u>	\$0.00

20. Attached as Exhibit B is the Proposed Plan of Distribution. This plan proposes to pay all Class 1 claims at 100% as required by MCL 500.8141(1). The Class 6 claims will be paid an additional 12.49% by the proposed distribution of \$246,864.00, for a total recovery of 36.49%. No other claims will receive any distribution at this time.<sup>1</sup>

#### NOTICE

21. The Liquidator has served a copy of this Petition upon all persons/entities and/or their counsel who are known to have outstanding or ongoing claims, suits or controversies that affect or that are or may be affected by the Receivership proceeding.

22. The Liquidator has or shortly will post a copy of this Petition on the State of Michigan website along with the other MHMO documents previously posted there.

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<sup>1</sup> There does remain the potential for further recoveries on behalf of MHMO through pending pharmaceutical class action lawsuits, and possible coordination of benefits or subrogation recoveries. However, particularly given the contingent nature of the claims, the Liquidator has concluded that they do not justify the continuation of the Receivership. The Liquidator intends to address the handling of such potential recoveries in his anticipated Petition for Termination of Receivership.



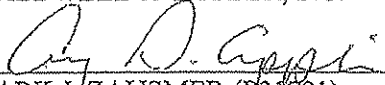
Zausmer, Kaufman, August, Caldwell & Tayler, P.C.  
31700 Middlebelt Road, Suite 150, Farmington Hills, MI 48334-2374 • 721 N. Capitol, Suite 2, Lansing, MI 48906-5163

RELIEF REQUESTED

WHEREFORE, the Liquidator respectfully requests entry of an order granting the Liquidator's Petition to Approve Plan of Final Distribution and authorizing the Liquidator to distribute assets of the MHMO estate accordingly.

Respectfully Submitted,

ZAUSMER, KAUFMAN, AUGUST,  
CALDWELL & TAYLER, P.C.

  
MARK J. ZAUSMER (P31721)  
AMY S. APPLIN (P46900)  
Attorneys for Petitioner  
31700 Middlebelt, Suite 150  
Farmington Hills, MI 48334  
(248) 851-4111

Dated: June 21, 2010

**MICHIGAN HMO PLANS, INC., IN LIQUIDATION**  
**ESTIMATED ADMINISTRATIVE CLOSING EXPENSES**  
**THROUGH JUNE 30, 2010**

**EXHIBIT A**

**GENERAL OPERATING EXPENSES THROUGH JUNE 30, 2010**

SALARIES  
 POSTAGE  
 TELEPHONE  
 COMPUTER SOFTWARE EXPENSE  
 RENT AND UTILITIES

TOTAL GENERAL ADMIN EXPENSES      \$ 6,000.00

**CLOSING COST**

EMPLOYEE SEVERENCE      \$ 2,000.00  
 STATE OF MICHIGAN OFIR RECEIVER EXPENSE      \$ 5,000.00  
 RCS AND LONG TERM STORAGE      \$ 3,000.00  
 BOXES, PACKING, SHREDDING EXP      \$ 1,500.00  
 ACCOUNTING      \$ 5,000.00  
 FINAL RETURN AND CLOSING DOCS - LEGAL      \$ 12,500.00

TOTAL CLOSING COSTS      \$ 29,000.00

TOTAL ACCRUAL      \$ 35,000.00

**MICHIGAN HMO PLANS, INC., IN LIQUIDATION**  
**FINAL PROPOSED DISTRIBUTION**  
**CLASS 6 CLAIMANTS**

**EXHIBIT B**

CLAIM NO.	CLAIMANT	CLAIMANT ADDRESS	CLASS OF CLAIM	AMOUNT OF CLAIM	FORMULA	PROPOSED DISTRIBUTION AMOUNT
MI 06-01	MICHIGAN DEPARTMENT OF COMMUNITY HEALTH	CAPITOL VIEW BUILDING 201 TOWNSEND STREET LANSING, MICHIGAN 48913	6	\$ 1,947,785.00	0.1249	\$ 243,338.00
MI 06-02	MICHIGAN OFFICE OF FINANCIAL & INSURANCE REGULATION	611 WEST OTTAWA STREET LANSING, MICHIGAN 48913	6	\$ 28,020.48	0.1249	\$ 3,526.00

# **EXHIBIT B**

Zausmer, Kaufman, August, Caldwell & Tayler, P.C.,  
31700 Middlebelt Road, Suite 150, Farmington Hills, MI 48334-2374 • 721 N. Capitol, Suite 2, Lansing, MI 48906-5163

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF INGHAM

KEN ROSS, COMMISSIONER,  
OFFICE OF FINANCIAL AND INSURANCE  
REGULATION FOR THE STATE OF MICHIGAN,

Petitioner,

File No. 98-88265-CR

VS

Hon. James R. Giddings

MICHIGAN HEALTH MAINTENANCE  
ORGANIZATION PLANS, INC., a  
Michigan health maintenance organization,  
doing business as OmniCare Health Plan,

Respondent.

MARK J. ZAUSMER (P31721)  
AMY S. APPLIN (P46900)  
Zausmer, Kaufman, August, Caldwell & Tayler, P.C.  
Attorneys for Petitioner  
31700 Middlebelt Road, Suite 150  
Farmington Hills, MI 48334  
(248) 851-4111

ORDER GRANTING LIQUIDATOR'S PETITION  
TO APPROVE PLAN OF FINAL DISTRIBUTION

At a session of said Court held in the City of Lansing,  
County of Ingham, State of Michigan on: 06-30-2010

PRESENT: HON. \_\_\_\_\_

CIRCUIT COURT JUDGE

This matter having come before the Court on the Liquidator's Petition to Approve Plan of Final Distribution (the "Liquidator's Petition"), oral argument having been heard, and the Court being otherwise fully advised in the premises;

IT IS HEREBY ORDERED that the Liquidator's Petition is GRANTED.

IT IS FURTHER ORDERED that the Liquidator is authorized to disburse assets from the Estate of Michigan Health Maintenance Organization Plans, Inc. ("MHMO"), as described in the Liquidator's Petition, in the total amount of \$246,864.

JAMES R. GIDDINGS

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CIRCUIT COURT JUDGE

31700 Middlebelt Road, Suite 150, Farmington Hills, MI 48334-2374 • 721 N. Capitol, Suite 2, Lansing, MI 48906-5153  
Zausmer, Kaufman, August, Caldwell & Taylor, P.C.,

# EXHIBIT C

*EXHIBIT*

MICHIGAN HMO PLANS, INC., IN LIQUIDATION  
BALANCE SHEET  
December 31, 2010

ASSETS

CASH - CHECK/SAVING \$ 289,693.10

TOTAL ASSETS

\$ 289,693.10

CLAIMS AGAINST THE ASSETS

STATE OF MICHIGAN - O F I R \$ 28,020.48  
MICHIGAN DEPT. OF COMMUNITY HEALTH 1,947,785.00  
UNCLAIMED PROPERTY PAYABLE 887.56  
1,976,693.04

OTHER CLAIMS:

ACCRUED CLOSING COSTS 35,000.00

TOTAL LIABILITIES

2,011,693.04

RECEIVERSHIP BALANCE

TOTAL CLAIMS & RECEIVERSHIP BALANCE

(1,721,999.94)  
\$ 289,693.10



*EXHIBIT*

**MICHIGAN HMO PLANS, INC., IN LIQUIDATION  
INCOME STATEMENT  
December 31, 2010**

UNDERWRITING INCOME		\$0.00
<u>LESS:</u>		
OTHER UNDERWRITING EXPS INCURRED	39,789.15	39,789.15
NET UNDERWRITING GAIN (LOSS)		(39,789.15)
<u>INVESTMENT INCOME</u>		
INVESTMENT INCOME EARNED		662.44
<u>OTHER INCOME</u>		
MISCELLANEOUS INCOME		228.00
<u>OTHER EXPENSE</u>		
FEDERAL, STATE AND CITY INCOME TAXES	228.00	228.00
NET INCOME (LOSS)		<u>(\$39,126.71)</u>

**MICHIGAN HMO PLANS, INC. IN LIQUIDATION  
STATEMENT OF RECEIVERSHIP BALANCE  
December 31, 2010**

RECEIVERSHIP BALANCE DECEMBER 31, 2009	(\$1,682,873.23)
NET INCOME (LOSS)	(39,126.71)
RECEIVERSHIP BALANCE DECEMBER 31, 2010	<u>(\$1,721,999.94)</u>

MICHIGAN HMO PLANS INC., IN LIQUIDATION (FORMERLY OMNICARE)

CASH RECEIPTS SUMMARY  
JANUARY THROUGH DECEMBER 2010

EXHIBIT

<u>ACCOUNT</u>	<u>AMOUNT</u>
ACCOUNTS RECEIVABLE/COB	\$ 602.53
ACCOUNTS RECEIVABLE/PHARMACY	\$ 22,264.79
OTHER INCOME/MISCELLANEOUS	<u>\$ 243.00</u>
	<u>\$ 23,110.32</u>

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**Michigan HMO Plans, Inc.**  
**Cash Receipts Register**  
 January through December 2010

Type	Date	Name	Memo	Debit	Credit
Deposit	1/20/2010	Plunkett & Cooney	Deposit subpeona fees	15.00	15.00
				15.00	15.00
Deposit	2/12/2010	Rothstein, Erlich & ...	Deposit Evelyn Henerson COB	267.43	267.43
				267.43	267.43
Deposit	8/3/2010		Deposit	22,713.89	
			Deposit		22,264.79
			Deposit		335.10
		United States Treas...	Deposit		114.00
				22,713.89	22,713.89
Deposit	12/10/2010	IRS	Deposit refund 2009	114.00	114.00
				114.00	114.00
<b>TOTAL</b>				<b>23,110.32</b>	<b>23,110.32</b>

CASH DISBURSEMENT SUMMARY  
JANUARY THROUGH DECEMBER 2010

EXHIBIT

<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
ACCOUNTING	\$ 1,516.75
LEGAL	12,270.80
CONSULTANTS	4,883.92
ADMINISTRATIVE EXPENSE REIMBURSEMENT	9,000.00
MISCELLANEOUS EXPENSES	<u>228.00</u>
	<u>\$ 27,899.47</u>

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**Michigan HMO Plans, Inc.**  
**CASH DISBURSEMENT REGISTER**  
 January through December 2010

Date	Num	Name	Account	Debit	Credit
1/27/2010	1302		Chase - Checking VOID	0.00 0.00	
				0.00	0.00
1/27/2010	1303	State of Michigan State of Michigan	Chase - Checking Consulting		517.47
				517.47	517.47
1/27/2010	1304	Cadillac Estate Cadillac Estate	Chase - Checking Administrative Expenses		1,500.00
				1,500.00	1,500.00
2/12/2010	1306	Cadillac Estate Cadillac Estate	Chase - Checking Administrative Expenses		1,500.00
				1,500.00	1,500.00
2/12/2010	1305	State of Michigan State of Michigan	Chase - Checking Consulting		335.96
				335.96	335.96
2/12/2010	1307	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees		2,467.50
				2,467.50	2,467.50
2/12/2010	1308		Chase - Checking VOID	0.00 0.00	
				0.00	0.00
3/12/2010	1309	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking 66700 - Professional Fees		159.00
				159.00	159.00
3/26/2010	1310	Cadillac Estate Cadillac Estate	Chase - Checking Administrative Expenses		2,000.00
				2,000.00	2,000.00
4/26/2010	1311	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees		157.50
				157.50	157.50
4/29/2010	1312	Cadillac Estate Cadillac Estate	Chase - Checking Administrative Expenses		1,000.00
				1,000.00	1,000.00
5/13/2010	1313	State of Michigan State of Michigan	Chase - Checking Consulting		777.43
				777.43	777.43
5/27/2010	1314	Cadillac Estate Cadillac Estate	Chase - Checking Administrative Expenses		1,000.00
				1,000.00	1,000.00
5/27/2010	1315	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees		227.50
				227.50	227.50
6/14/2010	1316	State of Michigan State of Michigan	Chase - Checking Consulting		3,079.59
				3,079.59	3,079.59
6/14/2010	1317	Cadillac Estate Cadillac Estate	Chase - Checking Administrative Expenses		1,000.00
				1,000.00	1,000.00
6/28/2010	1318	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking 66700 - Professional Fees		296.50
				296.50	296.50

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**Michigan HMO Plans, Inc.**  
**CASH DISBURSEMENT REGISTER**  
 January through December 2010

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
6/28/2010	1319	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees	6,411.66	6,411.66
				6,411.66	6,411.66
7/19/2010	1320	United States Treasury United States Treasury	Chase - Checking Federal Taxes	114.00	114.00
				114.00	114.00
7/30/2010	1321	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees	2,348.58	2,348.58
				2,348.58	2,348.58
7/30/2010	1322	Cadillac Estate Cadillac Estate	Chase - Checking Administrative Expenses	1,000.00	1,000.00
				1,000.00	1,000.00
8/27/2010	1323	United States Treasury United States Treasury	Chase - Checking Federal Taxes	114.00	114.00
				114.00	114.00
9/27/2010	1324	Cadillac Estate Cadillac Estate	Chase - Checking Consulting	173.47	173.47
				173.47	173.47
9/27/2010	1325		Chase - Checking VOID	0.00	
				0.00	
				0.00	0.00
9/27/2010	1326	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees	658.06	658.06
				658.06	658.06
12/4/2010	1327	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking 66700 - Professional Fees	1,061.25	1,061.25
				1,061.25	1,061.25
<b>TOTAL</b>				<b>27,899.47</b>	<b>27,899.47</b>

# **EXHIBIT D**

*EXHIBIT*

MICHIGAN HMO PLANS, INC., IN LIQUIDATION  
BALANCE SHEET  
December 31, 2011

ASSETS

CASH - CHECK/SAVING \$ 157,685.16

TOTAL ASSETS

\$ 157,685.16

CLAIMS AGAINST THE ASSETS

STATE OF MICHIGAN - O F I R \$ 28,020.48  
MICHIGAN DEPT. OF COMMUNITY HEALTH 1,947,785.00  
UNCLAIMED PROPERTY PAYABLE 887.56  
1,976,693.04

OTHER CLAIMS:

ACCRUED CLOSING COSTS 38,000.00

TOTAL LIABILITIES

2,014,693.04

RECEIVERSHIP BALANCE

(1,857,007.88)

TOTAL CLAIMS & RECEIVERSHIP BALANCE

\$ 157,685.16



*EXHIBIT*

MICHIGAN HMO PLANS, INC., IN LIQUIDATION  
INCOME STATEMENT  
December 31, 2011

UNDERWRITING INCOME		\$13,284.29
<u>LESS:</u>		
OTHER UNDERWRITING EXPS INCURRED	<u>17,087.97</u>	<u>17,087.97</u>
NET UNDERWRITING GAIN (LOSS)		(3,803.68)
<u>INVESTMENT INCOME</u>		
INVESTMENT INCOME EARNED		<u>191.74</u>
<u>OTHER INCOME</u>		0.00
<u>OTHER EXPENSE</u>		
FEDERAL, STATE AND CITY INCOME TAXES	131,396.00	131,396.00
NET INCOME (LOSS)		<u><u>(\$135,007.94)</u></u>

MICHIGAN HMO PLANS, INC. IN LIQUIDATION  
STATEMENT OF RECEIVERSHIP BALANCE  
December 31, 2011

RECEIVERSHIP BALANCE DECEMBER 31, 2010	(\$1,721,999.94)
NET INCOME (LOSS)	<u>(135,007.94)</u>
RECEIVERSHIP BALANCE DECEMBER 31, 2011	<u><u>(\$1,857,007.88)</u></u>

MICHIGAN HMO PLANS INC., IN LIQUIDATION (FORMERLY OMNICARE)

CASH RECEIPTS SUMMARY  
JANUARY THROUGH DECEMBER 2011

<u>ACCOUNT</u>	<u>AMOUNT</u>
ACCOUNTS RECEIVABLE/PHARMACY	\$ 13,284.29
	<u>\$ 13,284.29</u>

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Michigan HMO Plans, Inc.  
**CASH RECEIPTS REGISTER**  
January through December 2011

Type	Date	Memo	Account	Debit	Credit
Deposit	1/13/2011	Deposit	Chase - Checking	13,284.29	
		Deposit	A/R - Pharmacy		13,284.29
				13,284.29	13,284.29
TOTAL				13,284.29	13,284.29

MICHIGAN HEALTH PLANS, INC. IN LIQUIDATION (FORMERLY OMNICARE)

CASH DISBURSEMENT SUMMARY  
JANUARY THROUGH DECEMBER 2011

EXHIBIT

<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
ACCOUNTING	\$ 11,619.75
LEGAL	1,139.80
2007 FEDERAL TAXES (OMNICARE TPA)	97,195.00
2007 MICHIGAN STATE TAXES (OMNICARE TF	28,857.00
2007 CITY OF DETROIT TAXES (OMNICARE TI	5,344.00
MISCELLANEOUS EXPENSES	1,328.42
	<u>\$ 145,483.97</u>

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**Michigan HMO Plans, Inc.**  
**CASH DISBURSEMENT REGISTER**  
 January through December 2011

Date	Num	Name	Account	Debit	Credit
1/15/2011	1328	Sommers, Schwartz, PC Sommers, Schwartz, PC	Chase - Checking Pharmacy	1,328.42	1,328.42
				1,328.42	1,328.42
1/17/2011	1329	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees	175.00	175.00
				175.00	175.00
3/30/2011	1330	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking Accounting and Tax Prep	108.00	108.00
				108.00	108.00
3/30/2011	1331	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees	157.50	157.50
				157.50	157.50
4/8/2011	1332	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking Accounting and Tax Prep	108.00	108.00
				108.00	108.00
5/5/2011	1333	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees	280.00	280.00
				280.00	280.00
6/14/2011	1334	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking Accounting and Tax Prep	343.00	343.00
				343.00	343.00
6/14/2011	1335	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees	317.30	317.30
				317.30	317.30
6/28/2011	1336	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking Accounting and Tax Prep	8,406.50	8,406.50
				8,406.50	8,406.50
9/13/2011	1337	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking Accounting and Tax Prep	2,164.50	2,164.50
				2,164.50	2,164.50
11/9/2011	1338	Plante & Moran PLLC Plante & Moran PLLC	Chase - Checking Accounting and Tax Prep	489.75	489.75
				489.75	489.75
11/9/2011	1339	Zausmer, Kaufman, August, Caldwell Zausmer, Kaufman, August, Caldwell	Chase - Checking Legal Fees	210.00	210.00
				210.00	210.00
11/15/2011	1340	State of Michigan State of Michigan	Chase - Checking State of Michigan Taxes P...	28,857.00	28,857.00
				28,857.00	28,857.00
11/15/2011	1341	City of Detroit - Treasurer City of Detroit - Treasurer	Chase - Checking City of Detroit Taxes Payable	5,344.00	5,344.00
				5,344.00	5,344.00
11/17/2011	eff	IRS IRS	Cash - Savings Federal Taxes Payable	97,195.00	97,195.00
				97,195.00	97,195.00
<b>TOTAL</b>				<b>145,483.97</b>	<b>145,483.97</b>

# **EXHIBIT E**

*EXHIBIT*

MICHIGAN HMO PLANS, INC., IN LIQUIDATION  
BALANCE SHEET  
April 30, 2012

ASSETS

CASH - CHECK/SAVING \$ 137,552.68

TOTAL ASSETS

\$ 137,552.68

CLAIMS AGAINST THE ASSETS

STATE OF MICHIGAN - O F I R \$ 28,020.48  
MICHIGAN DEPT. OF COMMUNITY HEALTH 1,947,785.00  
UNCLAIMED PROPERTY PAYABLE 887.56  
1,976,693.04

OTHER CLAIMS:

ACCRUED CLOSING COSTS 38,000.00

TOTAL LIABILITIES

2,014,693.04

RECEIVERSHIP BALANCE

(1,877,140.36)

TOTAL CLAIMS & RECEIVERSHIP BALANCE

\$ 137,552.68

*EXHIBIT*

MICHIGAN HMO PLANS, INC., IN LIQUIDATION  
INCOME STATEMENT  
JANUARY 1, 2012 THROUGH APRIL 30, 2012

UNDERWRITING INCOME		\$0.00
<u>LESS:</u>		
OTHER UNDERWRITING EXPS INCURRED	<u>3,929.00</u>	<u>3,929.00</u>
NET UNDERWRITING GAIN (LOSS)		(3,929.00)
<u>INVESTMENT INCOME</u>		
INVESTMENT INCOME EARNED		<u>21.87</u>
<u>OTHER INCOME</u>		0.00
<u>OTHER EXPENSE</u>		
FEDERAL, STATE AND CITY INCOME TAXES	16,225.35	16,225.35
NET INCOME (LOSS)		<u><u>(\$20,132.48)</u></u>

MICHIGAN HMO PLANS, INC. IN LIQUIDATION  
STATEMENT OF RECEIVERSHIP BALANCE  
JANUARY 1, 2012 THROUGH APRIL 30, 2012

RECEIVERSHIP BALANCE DECEMBER 31, 2010	(\$1,857,007.88)
NET INCOME (LOSS)	<u>(20,132.48)</u>
RECEIVERSHIP BALANCE DECEMBER 31, 2011	<u><u>(\$1,877,140.36)</u></u>



CASH DISBURSEMENT SUMMARY  
JANUARY THROUGH APRIL 30, 2012

EXHIBIT

<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
ACCOUNTING	\$ 3,579.00
LEGAL	350.00
INTEREST ON 2007 FEDERAL TAX PAYMENT	<u>16,225.35</u>
	<u>\$ 20,154.35</u>

11:47 AM

04/25/12

**Michigan HMO Plans, Inc.**  
**CASH DISBURSEMENT REGISTER**  
 January through April 2012

Date	Num	Name	Account	Debit	Credit
2/17/2012	1342	Plante & Moran PLLC	Chase - Checking		2,460.75
		Plante & Moran PLLC	Accounting and Tax Prep	2,460.75	
				2,460.75	2,460.75
3/28/2012	1343	Plante & Moran PLLC	Chase - Checking		1,118.25
		Plante & Moran PLLC	Accounting and Tax Prep	1,118.25	
				1,118.25	1,118.25
3/31/2012	1344	Zausmer, Kaufman, August, Caldwell	Chase - Checking		350.00
		Zausmer, Kaufman, August, Caldwell	Legal Fees	350.00	
				350.00	350.00
4/4/2012	eft0...	IRS	Cash - Savings		16,225.35
		IRS	Accrued Tax Interest Pay...	16,225.35	
				16,225.35	16,225.35
<b>TOTAL</b>				<b>20,154.35</b>	<b>20,154.35</b>

MICHIGAN HMO PLANS INC., IN LIQUIDATION (FORMERLY OMNICARE)

CASH RECEIPTS SUMMARY  
JANUARY THROUGH APRIL 30, 2012

EXHIBIT

<u>ACCOUNT</u>	<u>AMOUNT</u>
	\$0.00
	<u>\$0.00</u>

11:52 AM

04/25/12

Michigan HMO Plans, Inc.  
**CASH RECEIPTS REGISTER**  
January through April 2012

Type	Date	Memo	Account	Debit	Credit
TOTAL					

# **EXHIBIT F**

# EXHIBIT F

A complete copy of **Exhibit F**, which is a 161-page list describing the contents of the approximately 5109 boxes, is being filed with the Court. This Exhibit will not be served as a matter of course on the service list in this matter, however. Any interested party may review **Exhibit F** in the Court's file, may receive an electronic version at no cost upon request to the Liquidator's counsel, or may receive a hard copy upon payment of reasonable copying costs to the estate.

# **EXHIBIT G**

MICHIGAN HMO PLANS, INC., INLIQUIDATION  
ESTIMATED OPERATION/CLOSING EXPENSES  
THROUGH JUNE 30, 2012

EXHIBIT

GENERAL OPERATING EXPENSES THROUGH JUNE 30, 2012

SALARIES  
POSTAGE  
TELEPHONE  
COMPUTER SOFTWARE EXPENSE  
RENT AND UTILITIES

TOTAL GENERAL ADMIN EXPENSES     \$ 6,000.00

CLOSING COST

EMPLOYEE SEVERENCE	\$ 3,000.00
STATE OF MICHIGAN OFIR RECEIVER EXPENSE	\$ 5,000.00
RCS AND LONG TERM STORAGE	\$ 3,000.00
BOXES, PACKING, SHREDDING EXP	\$ 1,500.00
ACCOUNTING	\$ 5,000.00
FINAL RETURN AND CLOSING DOCS - LEGAL	\$ 12,500.00
MISCELLANEOUS EXPENSES	<u>\$ 2,000.00</u>

TOTAL CLOSING COSTS     \$ 32,000.00

TOTAL ACCRUAL     \$ 38,000.00



# **EXHIBIT H**

**MICHIGAN HMO PLANS, INC., IN LIQUIDATION**  
**FINAL PROPOSED DISTRIBUTION AS OF APRIL 2012**  
**CLASS 6 CLAIMANTS**

**EXHIBIT**

CLAIM NO.	CLAIMANT	CLAIMANT ADDRESS	CLASS OF CLAIM	AMOUNT OF CLAIM	FORMULA	PROPOSED DISTRIBUTION AMOUNT
MI 06-01	MICHIGAN DEPARTMENT OF COMMUNITY HEALTH	CAPITOL VIEW BUILDING 201 TOWNSEND STREET LANSING, MICHIGAN 48913	6	\$ 1,947,785.00	0.05	\$ 97,389.25
MI 06-02	MICHIGAN OFFICE OF FINANCIAL & INSURANCE REGULATION	611 WEST OTTAWA STREET LANSING, MICHIGAN 48913	6	\$ 28,020.48	0.05	\$ 1,401.02